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SUBJECT: CONGRESSIONAL ECONOMIC COMMISSIONS' VIEWS DIFFER
SHARPLY

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¶1. (SBU) Summary: While staff of the MAS-led Chamber of Deputies Economic and Sustainable Development Commissions look favorably on the initial performance of the Morales administration, the president of the commissions' opposition-led Senate counterpart believes the government has acted erratically and even foolishly, undermining domestic and foreign investors' confidence in the administration and hurting Bolivia's chances for economic growth. The sharp differences in commission views reflect broad political divisions and rising popular frustration (reftel). End summary.

¶2. (SBU) Staff of the MAS-led Chamber of Deputies Economic and Sustainable Development Commissions told us April 5 they believed the Morales administration was moving in the right direction. They lauded Morales' desire to strengthen the economy and expressed confidence he would fulfill promises to create jobs, saying they expected the president and other GOB officials to work to improve the lives of the poor. They highlighted Morales' pledge to protect small producers and the indigenous from the potentially harmful effects of free trade and said they supported the government's efforts to nationalize hydrocarbons and other natural resources, arguing that these should be used for the benefit of the people. Commission staff seemed confident the Morales administration would effect meaningful change, both through its own policies and through the upcoming Constituent Assembly - a key tool, they said, for shaping Bolivia's future.

¶3. (SBU) These views differ sharply from those of Podemos Senator Roberto Ruiz, President of the Senate Economic Development Commission. Ruiz told us April 25 he believed the government had acted erratically and even foolishly, undermining domestic and foreign investors' confidence in the administration and hurting Bolivia's chances for economic growth. Ruiz said he was concerned by GOB officials' inconsistencies and argued that frequent policy shifts made it impossible to identify the government's objectives. He also said Morales' stated intent to seek alternative trade

arrangements and nationalize Bolivia's natural resources had increased investment risk and caused both domestic and foreign firms to abandon or delay potential projects, taking with them thousands of jobs. And with the Constituent Assembly presenting more unknowns, Ruiz feared investors would wait even longer to make decisions, further threatening Bolivia's chances of realizing long-term economic gains.

14. (SBU) Comment: The sharp differences in commission views reflect broad political divisions and rising popular frustration (reftel). Social and private sector organizations are increasingly lining up to support or oppose the Morales administration's economic policies, with the line between them ever more clearly defined. According to Senator Ruiz, popular frustration with the government's failure to fulfill myriad promises - particularly those emphasizing the creation of new jobs and better living conditions - built up at an historically rapid pace. This does not bode well for the Morales administration's ability to act, as its hands seem increasingly tied by conflicting demands for more money, more jobs, and more power. End comment.
GREENLEE